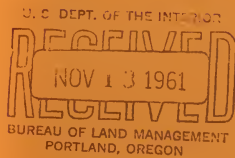


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GRAZING LAND POLICIES IN TEN WESTERN STATES



UNITED STATES DEPARTMENT OF THE INTERIOR  
Stewart L. Udall, Secretary

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GRAZING LAND POLICIES IN TEN WESTERN STATES

A Study and Evaluation of the Policies, Practices,  
Procedures and Values Pertaining to Grazing Lands  
Under the Control of Ten Western States

by

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## GRAZING LAND POLICIES OF TEN WESTERN STATES

The study includes the leasing rate structures for grazing lands in the States of New Mexico, Arizona, Utah, Nevada, California, Oregon, Idaho, Montana, Wyoming, and Colorado. The purpose is to gain knowledge of the factors that influence the policies, practices, procedures and grazing rates in these States.

Since the study is designed, in part, to develop bases for comparisons with the administrative procedures of the Bureau of Land Management, only those States which contain comparatively extensive State and BLM land areas were studied. Some 272,000 acres of public domain lands exist in the State of Washington under the jurisdiction of BLM but that acreage is not included in a grazing district. Furthermore, State and BLM lands in Washington do not appear to be comparative in nature, so no studies were made of State lands there.

Within the ten States studied, a total of about 37,000,000 acres are administered by the States for grazing use, compared to 175,397,000 acres of public lands devoted to that use. In each of these States the public domain acreage greatly exceeds that of the State. Only in New

Mexico do the lands in the two statutes of ownership approach an even number of acres. In addition, the State lands in New Mexico are generally interspersed with those of the public domain, so it might be said that the most constructive comparisons can be made in that State. The State administers about 10,626,000 acres under grazing leases in New Mexico and BLM about 14,428,000 acres.

The variations in the procedures of the land administrative agencies of the western States appear to have been born of the concepts and traditions existing at the time the States entered the Union. These concepts and traditions in the use of public lands seem to have left their mark on the policies, procedures, and lease rate structures prevalent today.

The general public economy in the Territorial days of these States, and during their early days of Statehood, was tied chiefly to the livestock industry. The only conceivable use of the great expanses of the public domain and selected State lands was for grazing.

Vast selections have been made by the States to satisfy "floating" grants which were made by Congress in a specified number of acres, and also to make up losses to the State of fixed sections by prior entry, preemption, grants, withdrawals, reservations and other causes. Since the greatest value at the

time of selection appeared to be in forage, and since any showing of mineral values, other than those showing upon the granted fixed sections, was a basis for withholding from selection, the selecting authorities of the States pounced upon lands that offered the best prospects for grazing and agricultural development. Thus, the lands remaining after State selections had been made offered the least surface product. Because of these prudent selections, State lands are generally sought more actively by livestock growers. Leasing has been preferred over deed by purchase because of comparatively lower costs.

Occupancy has traditionally constituted a degree of recognized preemption. Whether it has been maintained by lease, permit, or other origin of tenancy, there is still a more or less recognized right born of prior use and occupancy.

These theories of preemption are gradually giving away to a growing recognition of the principals of trusteeship. The lands granted to the States were designated to be held by the States in trust for certain named institutions, especially for the good of the common schools of the grantee States, and for other institutions.

It is as trustees of the lands that the States are now giving attention to programs that will serve the highest good of the beneficiary institutions, and which will preserve the

lands and their resources for the highest return in income.

### GRAZING FEES

An examination of the procedures taken by the various land agencies of the States in evaluating the lands for grazing use shows many interrelated influencing factors.

#### Carrying Capacity

Chief among the yardsticks in common use by all the States is the element of carrying capacity. Nearly all other rate-making considerations stem from this single factor. At least one-half of the States studied determine this basic factor by a more or less scientific formula.

The States of New Mexico, Arizona, Utah, Wyoming, and Montana make use of a more or less common formula in applying carrying capacity values to individual tracts, sections or consolidated areas. The forage acre factor of the land studied is determined by calculating the proportionate amount of area covered by totally palatable vegetation, as it bears to the entire area of the tract studied. This percentage figure is the forage acre factor. A forage acre requirement is determined by recognized palatability and nutritional charts to indicate the amount of occurring forage needed for one cow for one year. From these values the number of cattle that can be supported year long on the studied area is determined. The



figures can then be reduced to show the number of cattle one section will support for either one month or one season of several months.

The formula is not peculiar to these several State agencies. It appears to be in use by other leasing agencies, both public and private, and is recognized extensively by the livestock industry. The variations in results in the use of the formula would result from varying estimates made by different range examiners in determining the amount of forage on a studied tract and difference of opinion of experts as to the values of certain occurring forage types. The formula, nevertheless, offers a solid criterion in the estimates of relative values in appraising grazing lands.

The remaining States of this study who do not adhere closely to any set formula for judging carrying capacities, have what they believe to be sound methods which are the subject of no more controversy than when a written formula is used.

In judging carrying capacities, the field agents of the Nevada Game and Fish Department prefer to scrutinize the number of animals of any type which may graze without damage. Where such data is lacking, this department seeks the estimates of other agencies or private owners with lands of similar characteristics, such as the Bureau of Land Management, to

establish the grazing value of their lands.

In the California Lands Department, whose lands are largely interspersed with those falling under the jurisdiction of the Bureau of Land Management, the values of the latter agency are used as a reference in giving carrying capacity amounts to the State lands, and leases are adjusted accordingly.

The Idaho and Oregon land departments rely upon experienced and practical range examiners in obtaining information with which to apply carrying capacity values to their lands. These examiners reject the use of definite formulae in their conclusions. They rely entirely upon their experienced judgment in determining the relative carrying capacities of their lands for rate-making purposes.

The Colorado Board of Land Commissioners gives little weight to carrying capacity in fixing the rate of a grazing lease. It depends largely upon the negotiated conclusions of a willing seller and a willing buyer for a figure to affix as the rate for an individual lease. Under this system, carrying capacity estimates of the State's land examiners are matched with the leasing rate.

Other factors appear in varying frequency in the rate-fixing processes of the State land agencies, but these are not generally prominent.

Accessibility of the lands up for lease is a pronounced factor recognized in the States of Colorado, Wyoming, and Oregon. Accessibility here means distance from market and remoteness of ranch headquarters. It may also refer to topography.

#### Statutory Minimums

Statutory minimums, in the States where they exist, are solid factors which must be recognized, and serve as a basis for grading of lease rates. The Montana statutory formula directs that carrying capacities and beef prices, reviewed annually, shall determine the leasing rates when used in the relation which the statute provides. New Mexico law gives the minimum leasing rate for each numerical category of carrying capacity. The Commissioner may set rates only above that figure. Arizona law gives the minimum rate at which any tract of State land can be leased. Above that, carrying capacities related to certain beef price indexes determine rate.

Rates above the minimums prescribed by statutes appear to be left to the discretion of the leasing agencies in all States except Arizona and Montana. There administrative discretion applies only to establishment of carrying capacities. All other States would seem to vest a great deal of discretion in their land agencies to judge the proper rates for grazing leases. These rates, therefore, could be subject to the variations of opinion of the changing administrations.

State agencies which reserve the right of annual review of the leasing rates are quite sensitive to the annual changes appearing in range conditions, and position themselves to adjust lease rates accordingly. Annual amount of precipitation also is a factor used by some agencies in the annual adjustment of lease rates. The amounts of precipitation are related to range conditions only as the time of precipitation is synchronized with growing seasons. The leasing agencies of the States of Idaho, Utah, and Nevada give lease rate value to the occurrence of forage by seasons.

#### Market Quotations

Lease rates are tied directly to changing beef prices, by years, in the States of Arizona, Montana, and to a minor extent, Colorado. In the first two States, the recognized beef price index is that published by the Bureau of Agricultural Economics, U. S. Department of Agriculture as directed by statute. The Colorado Board of Land Commissioners gives consideration to the market quotations for beef at the time the lease rate is considered and established.

#### Capitalized Value

The States of Colorado, Wyoming, and Utah consider the capitalized value of the lands in judging a justifiable leasing rate. Both Wyoming and Utah have projected a long-range program where the leasing rate will represent a

percentage rate of return on the capitalized value of the land. The return at present is at a low rate, percentage-wise, but years of adjustment are expected to bring about a recognizable relationship. The capitalized value of the land becomes important in setting a rate for leasing in Colorado, only when sale of the land is being considered, and the current lessee is the highest bidder in a sale. In such case, he is given the option of consummating the sale or retaining a lease on the premises at a lease rate equal to 4 percent of his bid price for the lands. This policy was innovated in 1961.

The sale of ranch properties in which the sale price is on a consideration of value for each animal unit the ranch will support is closely observed by the leasing agencies of Wyoming and Utah. Such animal unit values are deemed to have a bearing upon the value of the land being conveyed. These values are applied to the State's lands which are similar to those being transferred by sale, whether they be within that ranch boundary or adjoining. The values found by this method are important in fixing proper leasing rates.

In the States where animal unit values were the consideration in ranch sales, these values were reported as varying from \$350 per cow unit to somewhere around \$600. This depends, of

course, upon the condition of the ranch, the adequacy of improvements, probable operational costs, and so forth. This factor in considering lease rate values appears to be pertinent and important. It perhaps could be more extensively developed by most of the States. (The survey along this line was by no means complete in connection with this study and scattered reports are far less than conclusive.)

An interesting study of ranch values in relation to the value of animal product has been completed by the Wyoming Agricultural Experiment Station, University of Wyoming, Laramie. The results of that study are published as a progress report in Mimeo Circular No. 154, issued in June, 1961. The study is of 35 selected ranches in Wyoming and includes 9 small ranches of 250 cow units or fewer, 16 "medium sized" ranches of from 250 to 525 cow units, and 10 "large" ranches of 525 or more cow units, including one ranch rated at 1,529.

The investment and operational costs for the year 1959 were studied from carefully recorded investment and costs figures kept by the operators. The ranches studied included all conceivable types of operation and classes of range cattle with the various combinations of age and sex. Net sales were averaged to show profit or loss in comparison with return to investment and operating costs. Curiously enough,

lease costs were among the lower category of items used in finding costs of operation, and compared closely to tax expenses. The average lease cost varied by categories of ranch size, from \$3.28 to \$4.52 per cow unit on the ranch, and tax costs varied by ranch size from \$3.62 to \$4.31 per cow unit.

Only one State agency, the Nevada Game and Fish Department, appears to give any consideration to private leasing as a source from which might be derived acceptable leasing figures. The rate set by that agency of \$1.50 per animal unit month is said to be inspired by the prevalent private lease rates.

#### Competition

The element of competition is kept alive in the leasing programs of at least three States -- Colorado, Idaho and Nevada -- and exists to some extent in others. In Colorado the description of expiring leases is posted for public inspection in the counties in which the leased land lie, and bids for the renewal of the leases are taken. The current lease holder can preserve his preferential right to renewal, provided only that he does not sub-lease the subject lands, and may exercise this preferential right to renewal by meeting the highest bid offered for the lease. Conflict bids of

this nature are not unusual in the State of Idaho, on the imminent expiration of leases. Where such bids are received, just before the expiration of a lease, the lease is advertised and is awarded to the highest bidder, without preference to the current lessee. All leases issued by the Nevada Game and Fish Department are first subject to public bidding, and award is made to the highest bidder without regard to prior occupancy. New Mexico law, also, provides that any person, within certain limits of time, may bid on an expiring lease, but only on the lease as a whole. The prior lessee has preferential right to meet the highest bid offered, and retain the lease. Such bids in New Mexico are rare, only 18 having been recorded within the past eight years.

Rate offers by lease applicants constitute a minor but perceptible influence in lease rates, particularly on open, or unleased lands. These offers are found influential in the States of Colorado, California, Nevada, and New Mexico. However, since nearly all of the grazing lands of these States are usually under lease, the offers are rare and occur chiefly when unencumbered lands have to come to the State through a governmental exchange.

The rates charged for lands under the jurisdiction of the Bureau of Land Management and the Forest Service are



sometimes influential in the setting of the State's rates, particularly in California and Utah, where the lands of those States are interspersed with those of the governmental agencies. In such case the lease rate on the predominant land status pattern is accepted and used by the State agencies.

A criterion of lease values is sometimes established by the land agencies of Colorado, Idaho, and Oregon by applying a minimum rate to the poorest land, and the superior qualities of the better land are rated in relation to those of the poorest lands.

Availability and accessibility of stock water are given consideration by the land authorities in Wyoming and Oregon in judging the lease value of land. This item perhaps is given consideration by the range examiners of other States, also, in making their rate recommendations to the higher authorities, but are not otherwise expressed by the agencies interviewed.

The demands for revenues by the States, particularly the demands for common school funds, would appear to bring some pressure to bear in the adjustment of grazing rates, and can be considered currently an influence in Oregon and New Mexico. The Montana legislature provided that for the 1960 leasing year an arbitrary premium of 10 cents per animal unit month

would be charged, out of consideration of the State's need of revenue. School revenue needs were used as a basic argument for raising the grazing lease rates by the 1961 New Mexico Legislature. The public school demands could very possibly bring pressures to bear throughout the western States for higher leasing rates in the near future, judging by the continuing enrollment increases which are now the general rule.

The competitive lease market has already been dealt with here, insofar as competitive bidding for leases is concerned. However, the known market demand for leases in Colorado and Oregon appears to be further exploited by the leasing agencies of those States. With the full knowledge by both negotiating parties, representatives of the State and the applying party, that the lease will "not go begging," the Colorado Board of Land Commissioners asks and receives a higher leasing rate on the average than any of the other public land States. The Oregon rate does not indicate the fullest exploitation of this principal. Other States are less inclined to "play one applicant against the other," so to speak.

#### Public Opinion

Public opinion appears to be coming to the front as an influential force in the lease-making structures of the western States. During the past few years more and more comment has

been appearing in the public press concerning the policies and rates set by land leasing agencies. Public opinion, as a result of these press comments, seems to be aroused to a greater extent at present than ever before. Leasing policies have been recently examined and debated by an interim committee of the legislature in Colorado. Controversial issues have been raised in the public press recently in New Mexico. Legislative consideration has been given to land policies in most States in recent years, and this legislative activity in this field might be directly ascribed to new public concerns. The effect has been, in States where such conditions have occurred, an upward trend of leasing rates.

On the other hand, resistance, as could be expected, has been offered by the livestock industry and its organizations, to meet the hostile views that might arise out of public or press discussions of land matters. The livestock industry indicates apprehension of new laws or rules that would (1) raise leasing rates to the extent of jeopardizing sometimes marginal operations; (2) encroach upon their sovereignty over their holdings and operations; and (3) which would lead to their dispossession of leased lands and the breaking up of established ranch units by sales in which they would be forced to pay unrealistic, exorbitant or highly speculative prices in order to hold their ranch units intact. There are usually competent

spokesmen for the livestock industry who, to some extent, are able to convince administrative and legislative bodies of the hazards of ranching and the unstabilizing effects of some actions these bodies might take.

Laws and rules under which most of the State land agencies operate give much consideration to the economic desirability of consolidated ranch units, and to the end that these might be preserved, allow for the preferential leasing to owners and occupants of contiguous lands. The ranch unit is generally further preserved through the preferences given to the lessee on renewal of his lease. Some also give the occupying lessee some preferential treatment when lands are sold at public auction.

These concessions to lessees are believed to be not without some advantages to the States. Most States find it to their advantage to provide the lessee with ample incentive to protect and preserve the land for the future, where such preservation, protection and any range improvements would insure to the lessee's benefit.

#### Terms of Leases

Grazing leases are usually fixed for terms that will assure the lessee peaceable possession for a number of years that will make possible adequate planning. Only in Oregon and Wyoming are terms fixed entirely administratively. The other

eight States studied find maximum terms for leasing in statutory provisions. The longest term allowed by law in any State is the maximum Utah term of 18 years. However, where allowed to do so by law, most States set the term at ten years. New Mexico and Nevada law limits the grazing lease to five years. The California Lands Commission, notwithstanding the law allowing leases for up to ten years, authorizes no lease for a term exceeding five years.

The lessees of New Mexico, Nevada, and California find a greater degree of security under the terms of their five-year leases, however, than they would under the ten-year leases of other States for the fact that fees are not raised during these five-year terms.

Another security given the lessees of New Mexico, Arizona, and Nevada is that these States do not reserve the right to withdraw the lands for sale during the period named in the lease. Likewise, Wyoming allows no sale except in the final year of the lease, by policy, but reserves the right to make such withdrawal in the discretion of the Board.

#### LEASE RESERVATIONS

Included among the reservations which are entirely in common among the lease stipulations of the ten western States of this study are the State's right to grant entry for mineral development; to issue rights-of-way for any and all purposes

seen fit by, and in the discretion of, the granting authorities; and the right of entry for the removal of any of the natural products of the demised premises. Most States, in fact, reserve all rights not expressed in the grazing lease and specify the leases for grazing purposes only.

Two States, Utah and Nevada, reserve the right to specify the seasons for grazing use and the extent to which the lands shall be used during those seasons, as well as to designate the type of animals which shall be placed upon the lands, whether cows, horses, sheep, or goats.

Two States, Utah and Colorado, reserve the right to withdraw any part of the land described in the lease, at any time, for the purpose of re-classification and disposition through lease for purposes other than grazing, as well as for sale.

Reservations by the States for public access for fishing, hunting, and other recreational uses are varied and handled in singular ways.

The New Mexico grazing lease makes no reservation for public entry for the recreational pursuits. State law would appear to leave the matter to the discretion and wishes of the lessee, for the law allows him to post his private and leased lands "for the purpose of protecting and propagating the game birds, animals and fish" within certain described enclosures, after giving prescribed public notice of such

posting. This sovereignty of the lessee over State lands would appear to be strengthened by the statutory admonition that the lessee shall be responsible to the commissioner for any trespass or damage to the lands while he holds them under lease. He thus takes on custodial duties co-extensive with his privileges as a lessee, and would appear to have authority over the entry of other parties who do not have license of entry issued by the State.

Efforts of New Mexico groups to bring about the repeal or revision of the posting law to eliminate State lands from posting privileges have historically failed in the legislature.

#### Hunting and Fishing

A new approach to meet the pressures of the sportsmen seeking entry to State lands for hunting and fishing was taken early in 1961, when the State Department of Game and Fish applied for, and received, from the New Mexico Commissioner of Public Lands, a blanket easement. It opens all State lands held under the jurisdiction of the Commissioner, other than mineral acres, for entry for the purpose of carrying on game management operations, to include hunting and fishing by individual licensees. Since in the grazing lease, the Commissioner expressly reserves that right to issue right-of-way easements for any purpose he may deem to be justified, this easement issued to another State agency may transcend

the privileges conveyed to the lessee by law.

The land department in the State of Arizona does not retain jurisdiction over the use of State lands for hunting and fishing. These lands may be posted by the lessees, but only with the permission of the State Department of Game and Fish. In the absence of any such authorized posting, the lands are, of course, open to the public.

Utah law provides that all State lands shall be open to use by the public for hunting and fishing. All other recreational uses on the lands are held to be leasable and are so handled by the land department there.

The only State agency in Nevada which offers any extensive amount of land for grazing is the State Fish and Game Department, whose 277,000 acres were primarily acquired for the habitat of game birds and animals. This department, therefore, retains exclusive jurisdiction over their lands as to hunting and fishing privileges.

In California, public access for fishing on State lands is expressly reserved by the terms of the State's constitution. However, the land department conveys to the grazing lessee by unstipulated acquiescence all control over public access for hunting of game birds and animals. It would reserve jurisdiction over these privileges only in the event of a program whereby the State would be compensated for the



entry of hunters, the theory being that the lands held in trust must yield a return for each value in use. There is no such program at this time.

The Oregon grazing lease reserves to the public any and all recreational privileges on State lands so long as that use does not result in damage to the lands. The discretion does not lie with the grazing lessee, but with the land agency.

The Idaho and Wyoming grazing leases, likewise, reserve to the public the right of entry for hunting and fishing.

The Montana grazing lessee is allowed to post the leased premises against hunting and fishing and to control entry, only if there is no written agreement between the land department and the Game Department providing that only certain tracts shall be open to public use.

The Colorado Board of Land Commissioners allows complete sovereignty to the lessee in the matter of entry to the lands, aside from expressed reservations in the lease.

#### SUPERVISION OF RANGE PRACTICES

Supervision of range management and policing of range practices are conspicuously lacking in the land agency administrations of the States studied.

There could be a number of reasons for what appears to be a laissez faire attitude of these agencies in this respect.

Limited budgets of these departments for the employment of competent supervisory staffs could be one of the basic causes. The lack of consolidated land patterns and attendant difficulties of inspection could be another reason. But the reason which is most widely expressed is the confidence in the prudence and skill of the livestock growers to judge for themselves, as experts in their vocations, the best practices under which to utilize and preserve the range. The State agencies are inclined to preserve lease tenure in order that the lessor may be assured that the range benefits he brings about will accrue to his own advantage. The other device that the agencies use to insure the security of the lessee and thus add to his incentive to better range management is the preservation of ranches as units. This is done through the lease device of preferential rights of renewal in most of the States, plus the advantages that are preserved to the lessee in the event the land is placed on the market. One device is offering to the occupying lessee the right to meet the highest bid in a sale. Another means is through the value of improvements, which a competing bidder is obliged to purchase in order to qualify as a bidder. The advantage to the occupying lessee is that he does not have to post cash for the improvements he already owns.

Another device used by some States to lend incentive to the grazing lessee to engage in the best range practices is to sustain as improvements any work done at his expense in the matter of reseeding of range, soil and moisture conservation measures, such as water retention dams, stock tanks, spreader dams, and brush or weed eradication. In order that the user may pay gradually the costs of these improvements, leases may be extended, as in Utah, where the lease term may be lengthened up to 18 years. In all but one or two States, the value of these improvements would be appraised for their value to the land. In the case of a change in occupancy, the new occupant would have to pay the former occupant accordingly. Supervision is generally given by the State land agencies to the extent that approval would have to be gained before such improvements were begun.

#### Lease Supervision

The element of lease supervision is not entirely lacking in any of the States. All States have active range examiners or "field men" who familiarize themselves with conditions that affect State lands. Spot checks are relied upon to apprehend and correct any range abuses. The field men are in most cases respected range specialists who work with livestock operators and persuade them to follow practices that best serve the land they use.

The greatest degree of State supervision of range practices is offered by the land department of Utah. Here the State's range examiners judge the land for seasonal use and supervise control over the type of animal to be grazed on the State's tracts and the seasons during which grazing shall be allowed. They offer advice in the control of noxious weeds and poisonous plants.

In Idaho, the State, through its land department, administers programs to wipe out undesirable plants with the use of State-appropriated funds.

In most States there is a noticeable reliance upon the Bureau of Land Management to supervise and police range practices. The same reliance is placed upon the Forest Service of the United States Department of Agriculture where State lands are interspersed with the lands under the control of that agency. This reliance would appear to be expedient, because the States in such case would be unable to enforce independent programs of range management.

#### GRAZING LESSEE RESPONSIBILITIES

State land agencies vary somewhat in the degree of custodial responsibilities that are placed upon the grazing lessee.

The strongest responsibilities along this line are placed upon lessees in New Mexico, Arizona, and Montana. In New Mexico

the Commissioner of Public Lands has charged the amount of damages suffered to the land by trespass, such as timber theft. The same covenants exist in the Arizona grazing lease, but no one recalls recovery from any lessee for damage done by another.

In Utah the grazing lessee is responsible for trespass damage only if he does not report it to the leasing agency. Under the Montana lease terms a lessee could logically suffer the penalty of loss of his lease if he allows an unauthorized or unlawful use of the lands he holds under lease. In other States there appears to be no degree of custodial responsibilities placed upon the lessee, other than for his own actions and practices.

The matter of providing access to State lands appears to have been undertaken in no more than three States of the ten studied. However, it would appear that each one of the State land agencies has some degree of control in this matter, if by no other device than to withhold leases from any land owner who unreasonably obstructs access for authorized uses of State lands. It is doubtful that any States that have not covenanted such access in their leases would be in a position to cancel the lease of anyone who so obstructs access to State lands.

Not long ago, the New Mexico Land Commissioner intervened in a court case in which a mineral lessee sought entry to the same section held by a grazing lessee who denied him

access across private lands to reach the State section. In this case, a District judge ruled that the mineral lessee rightfully had a "way of necessity" to the State land. The grazing lessee was obliged under the court order to allow the mineral lessee a route across the private lands.

Under a 1957 California law, the lands department there has announced plans to declare access to all State lands.

Only the Montana grazing lease contains a covenant that the lessee shall provide reasonable public access over his private lands to the State lands he holds under lease.

#### IMPROVEMENT ALLOWANCES

Eight States of the ten studied make similar provisions whereby grazing lessees may place improvements on the lands. Some land agencies are more sparing than others with the amount of improvements allowed. Most of these eight States exercise some degree of vigilance to prevent excessive improvements, or improvements which would not enhance the usefulness, and, therefore, the value of the land. In a succession of lessees the owner must be compensated for the true value of the improvements placed by him. Excessive or undesirable improvement costs would inhibit the bidding for leases, or, in case of a sale, would hamper the competitive bidding.

Among the eight State leasing agencies allowing some freedom for the placement of improvements, the general practice is that all improvements of any kind, or in excess of a certain fixed

limitation of value, must be approved by the land leasing authorities before being placed. They are otherwise presumed to be placed in trespass, and therefore, in some cases, might become the property of the State. All States allow the owner to remove any improvements he is able to remove without damage to the land, in the case of a change in occupancy. Otherwise, a system of appraisal is provided, and the owner of the improvements is compensated for their value at the rate of appraisal of the land agency appraisers. Various courses of appeal are provided, a common one being to the local courts. In some cases, the land commissioner's appraisal is final.

States that allow improvements only at the owner's risk, and who do not require the lessee's successor to pay for the improvements are Nevada and Oregon.

#### RECENT HISTORY OF STATE LAND SALES

The sale of grazing lands by the land agencies of the western States during the past few years has been quite sparing with the exception of the New Mexico sales. Either the policies of the other States or the situation of land patterns has apparently discouraged such sales. Actions of the early-day selection committee in New Mexico, coupled with the policy of land blocking pursued by the New Mexico Land Commissioners in the process of some vast land exchanges with the Federal government in later years, have resulted in generally consolidated State land patterns. Many of the large ranch holdings comprise

chiefly lands which are or have been State owned. In order to bring these ranches under a greater percentage of fee ownership of the surface estate, lessees have been active in applying for the purchase of State lands. Since there has never been any law or set policy limiting the extent of sale to any individual in New Mexico, some of the sales have amounted to many thousands of acres. Limitation of acreage to any one individual applying for purchase of State lands is a common practice in the other States--by policy, if not by law.

Examining the other States individually for the extent of grazing land sales in recent years, it is found that the few thousand acres sold each year have brought prices that fail to be indicative of the probable average grazing land values. The sales of most of the States appear to be confined to highly marketable small tracts which might logically be converted from grazing use to home site or agricultural development.

In Arizona, the sale of grazing land as such is discouraged by the Board and the Commissioner. To establish a sufficient obstacle to implement this policy, the board of appeals there has set an arbitrary minimum value on all State lands at \$25 per acre, regardless of their character. The lands selected for sale for the four-year period prior to 1961 brought an average selling price at public auction of \$294 per acre, indicating agricultural or commercial development. The 4,318.81 acres sold by the



Arizona Land Commissioner during the year ending June 30, 1959, brought an average of \$314.93 per acre. The State of Arizona has sold 906,129 acres of land since Statehood, but statistics of per-acre values back through the years are not readily available.

Very few sales of grazing lands have been allowed in Utah during recent years. The limited acreage that has been sold shows a sale price of from \$2.50 to \$25 per acre. Such sales were allowed only to give the applicant an opportunity to block in State lands with his other controlled lands, in a few isolated cases. At the present time, the State Land Board of Utah is disinclined to sell any grazing lands, except where commercial, agricultural or recreational potentialities are seen.

The grazing lands held by the State of Nevada, as stated elsewhere in this report, were acquired primarily for game habitat, and would only be sold if found to be in surplus.

State land sales in California have been suspended since early in 1960, and generally only those lands that are sub-marginal for grazing use have been selected for selling. Recent statistics show that such lands, in a limited number of sales, have brought from \$20 to \$50 per acre.

The sale of State lands in Oregon is neither promoted nor encouraged by the land agency. Such sales as have been held

in the past ten years, on a very limited basis, have brought per-acre prices as low as \$2.50. The present-day grazing land values are believed by land authorities to be in the neighborhood of \$6 to \$7 per acre, based upon prevailing values in eastern Oregon.

The land agency of Idaho is prohibited by law from selling any State land at less than \$10 per acre and is permitted to sell no lands at all with any degree of timber cover. However, there is reported to be an active market for State land there, and high values were realized in the limited number of sales that have been recently approved. The demand is for land that can be converted to grain culture, but because of the limited acreage allotments that are available under Federal programs, the land agency is reluctant to allow any extensive sales of land that could be converted to agriculture. Ranchers apparently find ample satisfaction in leasing the State lands and their applications for the purchase of lands to be retained for grazing are rare. Only potentialities for other development bring high prices. In 1960, the land board sold 6,000 acres in southern Idaho at an average of \$125 per acre.

State land sales in Montana are held with consistent frequency, and represent all types of land held by the State, but transactions are usually limited to a section or less. In the fiscal year 1958-59, 10,492 acres were sold at an average

of \$47 per acre, and during the 1959-60 fiscal year, 40,316 acres were sold at an average of \$21.25 per acre.

The few sales in Wyoming in 1960 brought an average per-acre price of \$12.50 per acre.

In Colorado, sales are at a sufficient rate of frequency to test values from time to time in the various categories of land classification. In 1945, the records show that 25,095 acres of grazing land were sold at an average price of \$7.95 per acre; the 1950 sales of 15,820 acres of grazing land brought an average of \$15.10 per acre; in 1955, 8,530.94 acres were sold at an average of \$19.12; in 1960, 3,431.88 acres of grazing land brought an average price of \$33.05 per acre. The Board of Land Commissioners there believes that higher prices were prompted by the desirability of acquiring isolated sections of State land for blocking with the buyers' fee areas, and higher prices were paid for the sake of preserving an economic pattern for a ranch unit. Most of the lands sold were competitive by reason of their location.

#### NEW MEXICO SALES

The sales statistics of New Mexico for the past eight and one-half years are revealing and interesting from the standpoint of the amount of acreage sold, the great amount of grazing lands passing into private ownership, and also from the standpoint of the amount of revenue realized by the State from the

conversion of State lands from grazing to other use and improvement.

The total amount of New Mexico State acreage sold for the years 1953 through mid-1961, was 340,434.97, at a total selling price of \$10,855,749.24, or an average of \$31.89 per acre. There were 473 separate sales held during this period, and all, by law, were at public auction after advertising.

Out of this eight and one-half-year period, it is possible to determine from the records the acreage appraised and sold as grazing land for the period 1957 forward to the present. During this four and one-half-year period, 279,021.03 acres of land classified for grazing were sold. The acreage was situated in thirty-one of the thirty-two counties of the State (there are no State lands in Los Alamos County). These lands were sold in 208 separate tracts for which the total Land Office appraisal was \$2,543,820.73, or at the average rate of \$9.53 per acre. Under the public auction procedure, competition brought the average per-acre selling price to \$11.78, for a total return to the State of \$3,127,428.57.

The average appraised values of grazing land for the period 1957 forward to the present, follow a pattern of small fluctuations. No grazing lands for the period were appraised at less than \$5 per acre, although there were a great many appraisals at that figure, where terrain and palatable vegetative cover

did not justify a higher estimate of value.

The average per-acre appraisal for the year 1957 of grazing lands offered for sale was at the rate of \$9.44, as against an average selling price of \$12.16. Corresponding figures for the years following were as follows: 1958, average appraisal, \$10.67 and average selling price, \$12.50; 1959, average appraisal, \$9.70 and average selling price, \$12.96; 1960, average appraisal, \$8.73 and average selling price, \$11.05; for the first six months of 1961, average appraisal, \$9.12, and average selling price, \$10.24.

In the four and one-half year period from January 1, 1957, through July 1, 1961, competitive bidding occurred in 152 of the 363 sales held, representing all types of land offered. The element of competition, therefore, entered 42 percent of all sales.

Taking the sales of grazing lands alone for the four and one-half year period, competitive bidding occurred in 44.4 percent of the sales or in 52 out of 117 such sales held.

In order to determine the effect of lessee improvements as a deterrent to competitive bidding, statistics were taken on improvement values for the grazing land sales held during the period of December 1, 1960 to July 1, 1961, for which period these statistics were the most readily available. During this period, 125,407.79 acres of grazing lands were

advertised and sold, in 71 separate sales, on which the improvements were valued at \$519,477, according to the Land Office appraisers, or at an average per-acre value of \$4.14. The land was appraised at \$1,073,756.29, or at an average of \$8.56 per acre. The selling price was for a total of \$1,214,945.47, or at the rate of \$9.69 per acre.

Competitive bidding occurred in only 11 of the 71 sales. However, improvement values were listed in eight of the 11 sales in which competitive bidding occurred. The improvement values in these contested sales averaged less than \$1.00 per acre, whereas the improvement values on all of the 71 grazing land sales of that period averaged at the rate of \$4.14 per acre.

It must be observed here that improvement values were not likely to be the only deterrent factor to competitive bidding, if it was a factor at all. The range code, in which ranchers notably decline from interfering with a neighbor's land pattern could be a strong deterrent to competitive bidding. Furthermore, lands offered for sale are frequently so situated as to be isolated from free access to any other than the lessee who has managed through leasing to block the various tracts up within his pastures, and would be, therefore, more useful to him than to any other ranch operator.

Improvement values apparently work to the detriment of competitive bidding where they represent large sums of cash which a bidder, other than the owner of the improvements, must post in order to participate in the bidding. Inconveniences in furnishing such cash amounts, plus the fact that the improvements may not be to the taste of any other ranch operator or perspective buyer may serve to thwart competition in the purchase of State grazing lands.

A contrasting fiscal picture lies in the usual State purchase contract in which any buyer, if the successful bidder, may pay for the land over long terms, whereas if he is not the owner of the improvements, he is required to settle for them in cash. None of the States studied provide any financing of improvement values. The New Mexico sales contract or certificate of purchase, as it is called in some of the States, provides for a small down payment in land purchases of only 5 percent of the principal amount with interest on deferred payments at the rate of 4 percent per year. Payments on the principal are at the election of the buyer over a thirty year period, and must be paid only at the end of that time.

The reclassification of lands from grazing to commercial uses has been profitable in several of the States within the past few years, particularly in the States of Arizona, New Mexico,

and Colorado. This reclassification has usually occurred where the lands lay adjacent to developed areas and were converted from grazing use to home site or commercial development for business and industry.

New Mexico Land Office statistics show the conversion of 7,856.68 acres of such land from January 1957 to July 1, 1961. This land was sold in 117 separate transactions, and spirited bidding occurred in most of these sales. The gross selling price of land in this category was \$5,426,157.86 against a Land Office total appraisal of \$2,065,174.47. The greater part of the sales were of tracts near the expanding city of Albuquerque. These sales reached their peak in 1958, with 44 such sales offered during that year. The average per-acre selling price that year was \$1,333.17. However, fewer sales (22) in 1959 showed a higher per-acre return to the State of \$1,358.70. Improvements were not considerable in any of the sales, and offered, in most cases, development planning to the buyers' own tastes and prudence.

As of July, 1961 the New Mexico State Land Office was advertising 60 tracts of land for sale within the following three months. The total acreage embraced in the sales advertised was 70,508. Of these tracts all but seven were classified and appraised as grazing lands. The total acreage of this class was 70,140.75. The majority of the acreage being



advertised for sale was being placed on the market on the application of the grazing lessees. However, 21 of the grazing tracts were being advertised on the application of a single land company, whose applications were causing a great deal of consternation in the livestock industry. The larger tracts applied for included, in the separate applications of that company, were from 1,280 to 9,676 acres. Others of the 21 tracts being advertised as a result of applications of that company were of one section or less.

The grazing acreage being advertised as of July 1 was situated in 17 of the 32 counties of the State, and carried an average appraisal value of \$9.59 per acre, which was within three cents of the average per-acre appraisal of all grazing lands sold in the previous four and one-half year period. The improvement values totaled \$346,625.99 on the 70,140.75 acres of grazing lands being advertised, or an average of \$4.94 per acre. This improvement value per acre compares to the \$4.14 in improvements per acre for the grazing lands sold during the seven months just previous to July 1, 1961.



APPROXIMATE NUMBER OF ACRES UNDER LEASE BY STATES, COMPARED TO  
CORRESPONDING NUMBER OF ACRES UNDER BLM LEASE OR ALLOTMENT  
(AS OF 1960)

State	State Leases Acres	BLM Leases, Allotments, Leases Acres
New Mexico	10,626,000	14,428,000
Arizona	8,653,000	14,769,000
Utah	3,250,000	25,544,000
Nevada	277,000	50,532,000
California	600,000	8,562,000
Oregon	696,000	13,310,000
Idaho	2,190,000	12,763,000
Montana	4,213,000	8,934,000
Wyoming	3,595,000	17,939,000
Colorado	2,850,000	8,616,000
	36,950,000	175,397,000



# GRAZING LEASE TERMS BY STATES

STATE	USUAL PRACTICE	LIMITATION BY LAW
New Mexico	5 years	5 years
Arizona	10 years	10 years
Utah	10 years	18 years
Nevada	5 years	5 years
California	5 years	10 years
Oregon	10 years	None
Idaho	10 years	10 years
Montana	10 years	10 years
Wyoming	10 years	None
Colorado	2,4,6,8, 10, yrs.	10 years



GRAZING FEES BY STATES -- RANGE AND AVERAGE RATES

State	Average Per Acre Fee	Range in rates per acre	Rate per AUM
New Mexico	11¢	3¢-24¢	\$1.50 (ave.)
Arizona	7¢	2¢-17¢	
Utah	4.2¢	2½¢-28¢	
Nevada			
California	3¢	Info. not available	19¢**
Oregon	10½¢	8¢-28¢	48¢
Idaho	10¢	4¢-20¢	
Montana	18½¢	Info. not available	
Wyoming	12½¢	5¢-28¢	
Colorado	30¢	8¢-50¢	

\* Average value of land in Utah is estimated by State Land Office officials at \$10.00 per acre. Since the State looks for a return of 1% per year on the capitalized value of the land, this figure should be 10¢; however, total annual income, divided by the total number of acres under grazing lease indicates a per-acre yield of 4.2 cents.

\*\* Leases are valued on a case basis, and rates of fees are strongly influenced by prevailing BLM rates for the area and period.





## STATE POLICIES IN LAND SALES

State	Lands Withheld from Market	Sales Discouraged or Allowed sparingly	As Market Demands	Legal Acreage Limit- ation to Buyers
New Mexico			X	None
Arizona		X		1 Section
Utah			X	4 Sections
Nevada				None
California	X			None
Oregon		X		None
Idaho		X		320 Acres
Montana		X		None
Wyoming		X		None
Colorado		X		None



CONTROL OF NOXIOUS WEEDS, POISONOUS PLANTS ON STATE LANDS

State	Up to Lessee	Required of Lessee	Improvement Credit if done by Lessee	Lease Adjustment to help defray costs	State Offers Control Advice
New Mexico	X		X		
Arizona	X		X		
Utah	X			X	X
Nevada	X				
California	X				
Oregon	X				
Idaho		X	X		X
Montana		X			X
Wyoming		X			X
Colorado	X			X	



PREDATOR, RODENT CONTROL -- BY STATES

State	Lessee Must Control Rodents	State Relies on N.F. & W.L. and Lessee	Licensed Taking As Fur Bearing	Coyotes Protected for Rodent Control
New Mexico		X		
Arizona		X		
Utah		X		
Nevada		X		
California		X		
Oregon		X		
Idaho		X		
Montana	X	X		
Wyoming			X	
Colorado	X	X		X*

\* In one district of Colorado



## USUAL RESERVATIONS IN GRAZING LEASES -- BY STATES

State	Entry for Mineral Development	Rights-of-way All Purposes	Removal of Natural Products	Annual Adjustment or rate	Any Use Not Conveyed in Lease	Right to Sell	Right to declare seasons of use	Right to designate animal types	To withdraw for re-classification
N.Mex.	X	X	X						
Ariz.	X	X	X	X					
Utah	X	X	X	X		X	X	X	X
Nevad.	X	X	X		X		X	X	
Calif.	X	X	X			X			
Oregon	X	X	X	X	X	X			
Idaho	X	X	X	X	X	X			
Mont.	X	X	X	X	X	X			
Wyo.	X	X	X	X	X	X *			
Colo.	X	X	X	X**		X			X

\* Wyoming reserves the right to sell the land at any time more than one year after the date of issuance, but by policy does not place the land for sale except in the first year of the lease.

\*\* This reservation only on leases issued for 8 to 10 years and then only at half-way period of the lease.





## FACTORS INFLUENCING THE RATES FOR THE FIXING OF GRAZING FEES BY STATES

	Colorado	Wyoming	Montana	Idaho	Oregon	California	Nevada	Utah	Arizona	New Mexico
Accessibility of Lands	X	X			X					
Carrying Capacities	X*	X	X	X	X	X	X	X	X	X
Minimum Set by Law			X						X	X
Administrative Inclinations	X	X		X	X	X	X	X		X
Annual Changes in Range Conditions	X			X			X	X	X	
Beef Prices	X**		X						X	
Seasonal Values				X			X	X		
Capitalized Value of Land	X	X						X		
Ranch Sales Based on Carrying Capacity		X						X		
Prevailing Commercial Leasing Rates							X			
Conflict Bids	X			X			X			X
Lease Offers by Applicant	X					X	X			X
BLM Rates						X		X		
By Comparison with Set Minimum Values	X			X	X					
Availability or Accessibility of Stock Water		X			X					
Revenue Requirements of State					X					X
Availability of Leasing Market	X				X					
Variations of Rainfall from Recognized Normals	X			X						X
Public Opinion	X	X								X
Using Industry	X	X	X	X	X			X	X	X

\* Less than any other State studied

\*\* Only slight consideration



NEW MEXICO STATE LAND SALES, JANUARY 1, 1953 THROUGH JUNE 30, 1961

YEAR	Total No. Acres Sold This Class	Total Number Such Sales	Total Land Office Appraisal	Total Selling Price	Average Per Acre Appraisal	Average Per Acre Selling Pr.
1953	6,759.95	22	Statistics Not Available	\$292,077.75	Statistics Not Available	\$43.20
1954	8,310.76	26	Statistics Not Available	\$225,349.73	Statistics Not Available	\$27.11
1955	12,183.60	26	Statistics Not Available	\$720,904.49	Statistics Not Available	\$59.17
1956	20,299.00	36	Statistics Not Available	\$276,016.97	Statistics Not Available	\$13.60
1957	12,617.01	33	\$339,955.77	\$525,776.16	\$26.95	\$41.67
1958	12,531.40	70	\$1,599,469.77	\$3,676,820.04	\$127.64	\$293.41
1959	50,576.34	73	\$971,298.43	\$1,974,146.70	\$19.20	\$39.03
1960	125,100.01	124	\$1,340,336.87	\$2,032,850.39	\$10.71	\$16.25
1961 (Thru June 30)	92,056.90	63	\$889,103.31	\$1,131,807.01	\$ 9.66	\$11.97



## Grazing Lands Only\*

YEAR	Total No. Acres Sold This Class	Total Number Such Sales	Total Land Office Appraisal	Total Selling Price	Average Per Acre Appraisal	Average Per Acre Selling Pr.
1953						
1954						
1955						
1956						
---Statistics Not Available---						
1957	9,510.74	17	\$89,776.91	\$115,656.71	\$9.44	\$12.16
1958	9,315.07	15	\$99,435.94	\$116,467.30	\$10.67	\$12.50
1959	48,907.24	45	\$474,544.68	\$633,647.46	\$ 9.70	\$12.96
1960	121,087.98	75	\$1,057,264.79	\$1,337,669.57	\$ 8.73	\$11.05
1961 (Thru June 30)	90,200.00	56	\$822,798.41	\$923,987.59	\$ 9.12	\$10.24

\* Lands devoted to grazing use both before and after sale.



## Lands Re-Classified From Grazing To Commercial \*\*

YEAR	Total No. Acres Sold This Class	Total Number Such Sales	Total Land Office Appraisal	Total Selling Price	Average Per Acre Appraisal	Average Per Acre Selling Pr.
1953						
1954						
1955						
1956						
1957	1,858.13	10	\$89,410.78	\$89,410.78	\$48.12	\$48.12
1958	2,614.59	44	\$1,421,206.00	\$3,485,688.75	\$543.57	\$1,333.17
1959	826.12	22	\$ 327,542.85	\$1,122,450.57	\$396.48	\$1,358.70
1960	719.28	35	\$ 158,909.94	\$ 557,609.94	\$ 220.93	\$775.23
1961 (Thru June 30)	1,857.56	6	\$ 68,104.90	\$ 170,997.82	\$36.66	\$92.06

---Statistics Not Available---

\*\* Lands which were in grazing use before sale and in which buyer evinced no interest in continued use for grazing.

Bureau of Land Management  
Library  
Bldg. 50, Denver Federal Center  
Denver, CO 80225



Bureau of Land Management  
Library  
Bldg. 50, Denver Federal Center  
Denver, CO 80225

Borrower's

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Grazing land pol

Date	
Loaned	Borrower

